

FISCAL NOTE

Bill #: HB0157

Title: Motor Vehicle liability insurance for low income

Primary Sponsor: Carolyn Squires

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	5,000	4,000
Revenue:		
General Fund	0	(595,625)
Net Impact on General Fund Balance:	(5,000)	(599,625)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. The effective date of this bill is October 1, 1999.
2. DPHHS estimates that it could take up to two years to fully implement this bill. There would be no enrollment of eligible policyholders for this program until January 1, 2000.
3. DPPHS estimates that there will be 5,229 adults in the Families Achieving Independence in Montana program (FAIM). Approximately 25% or 1,307 of these people would be eligible for the low-income auto plan with an average per participant premium for one year of \$953.
4. It is estimated that there would be 250 participants by March 31, 2000; 500 participants by June 30, 2000; 1,000 participants by December 31, 2000; and full participation by June 30, 2001.

5. The implementation of this bill would allow individual insurance carriers to offset their premium taxes by the amount of their net losses. There would be no offset recognized in FY2000 and offset is estimated at \$595,625 in FY2001. This offset is provided for in Section 6, part (6) of this bill. This offset would be a reduction in premium taxes to the general fund.
6. There would be an association board of directors established under section 4 of this bill. There would be an average of four board meetings per year with an additional board meeting the first year to implement this program. It is estimated the per diem for the board meetings would be approximately \$1,000 per meeting.
7. Implementation of this bill would require no additional FTE for the State Auditor's Office.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
FTE		
<u>Expenditures:</u>		
Personal Services (per diem)	5,000	4,000
<u>Funding:</u>		
General Fund (01)	5,000	4,000
<u>Revenues:</u>		
General Fund (01)		(595,625)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(5,000)	(599,625)

LONG-RANGE IMPACTS:

The estimated offset to premium taxes would be approximately \$1,300,000 general fund per year in future years. This is based upon 1,307 participants in the low-income auto plan per year. This offset could fluctuate in either direction based upon insurance carriers' net losses of this program.

The purpose of this legislation is to help FAIM recipients successfully make the transition from welfare to work. If successful, this program could reduce welfare costs. It is impossible to estimate the amount of savings.